

Opening Statement of Chairman Fred Upton
“The American Energy Initiative – Day 8”
Subcommittee on Energy and Power
May 23, 2011
(As Prepared for the Record)

Today’s hearing, the eighth day of our look at issues encompassed by the American Energy Initiative, allows the subcommittee to examine issues surrounding the proposed Keystone XL pipeline. The project, which has been awaiting approval by our government for nearly three years, will have the capacity to move nearly 1.3 million barrels of oil per day from Alberta’s oil sands and North Dakota’s Bakken formation to refineries in the Midwest and Gulf Coast.

Gasoline prices have been squeezing the budgets of families and businesses across the country for the past 6 months. Last month, gasoline consumption declined for the first time this year as demand destruction began creeping into consumer behavior.

Political unrest has threatened or outright blocked oil production in some parts of the world. A declining dollar is helping drive the price of oil higher and higher. Unemployment hovers at 9 percent.

With all these signs of economic distress, a project that would virtually eliminate our oil imports from the Middle East, almost instantly create 20,000 jobs, and help stabilize and lower gasoline prices would appear to be a winning solution for the American consumer. But for some inexplicable reasons, this project remains held up by bureaucratic indecision and stagnation in the Obama administration.

There is a reason this topic is part of our American Energy Initiative hearing. Apart from producing our own energy within our own borders, energy from the rest of the North American continent is the safest and most secure we can possibly find. While we search for and develop resources here in the U.S., we must always remember energy supplies from our northern neighbor renders enormous benefits for both of our countries.

Despite the obvious security and economic advantages presented by increased Canadian oil imports, the Obama administration cannot bring itself to move forward on the necessary permits to allow the Keystone pipeline’s construction.

Opponents of this project have offered all sorts of excuses for why it should not move forward, so I’d like to talk about what would happen if the Keystone XL pipeline does not proceed:

- 1) Canada will produce its oil sands resource whether the U.S. buys it or not. And in all likelihood, they will simply build a pipeline that goes west instead of south, so as to serve Chinese markets.
- 2) Instead of refining oil from a democratic ally – one which goes to great lengths to properly regulate its oil industry – refineries in the U.S. will experience increased volumes from places like Nigeria, Venezuela, and Saudi Arabia. In the end, the environment suffers more in this scenario.

- 3) These oil sands are going to be produced – as I have noted, that will happen with or without U.S. participation – in a province that has a greenhouse gas reduction policy. What does this mean? Simply put, it means that alleged concerns about greenhouse gas emissions associated with oil sands production and consumption are a red herring.

We've heard all these arguments before. And they all continue to fall flat. But what we haven't heard until last week is the outrageous accusation from the minority that this pipeline deserves even greater scrutiny because one company might or might not benefit from its construction. This blatant political sideshow is simply a distraction that, in the end, underscores the desperation of those who want to stand in the way of this common-sense project.

Today we hope to have a serious, adult conversation on the topic at hand and the legislation to address it. Let's stick to the facts on the economic, environmental, and security elements that are germane to this pipeline. Let's talk about what it means for American consumers and jobs.

And because we know pipeline safety is essential on projects like this one, our committee will soon be taking up the issue of pipeline safety as well. Projects like the Keystone XL pipeline should be completed with the benefit of the technological advancements that make them safer. We want to ensure both new and existing pipelines are safely transporting the energy supplies we depend on.

I applaud Mr. Terry for circulating the discussion draft under examination today. The time has come for the administration to make a decision on this pipeline and this legislation is the simplest, most straightforward, and most fair way for Congress to assert itself in the matter. By developing the massive resources here on the North American continent, we can make large strides to free ourselves from dangerous sources of oil and help ease prices at the pump.